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Position paper No. 15

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Position Paper No. 15 on RELOCATING INDUSTRIES DUE TO ENVIRONMENTAL REASONS

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Alberta
ENVIRONMENT

The government of Alberta supports the principle of locating or relocating industry to promote balanced development of the province and to preserve and generate jobs.

Furthermore, the government endorses the principle of assistance for industrial relocation wherein the general growth of society imposes upon such industry unwarranted economic pressures arising from environmental considerations. Such economic pressures are considered to be beyond the normal policy of internalizing the environmental costs of goods and services.

Therefore, in the interest of providing equity and fairness to the offending enterprise, the government of Alberta, through the Department of The Environment, will make grants on a formula basis for relocation due to environmental reasons for selected industrial enterprises.

The following are relevant details:

A. Relocation Grant Formula

25% to 50% of appraised market value of the existing physical plant (but not including the land).

B. Basic Principles, Criteria and/or Guidelines

1. The formula applies to rendering plants, packing plants, feedlots, other intensive livestock enterprises, and other polluting industries of not over $1,000,000 appraised value (not including land). Industries whose appraised value is in excess of $1,000,000 will be considered separately with assistance, if any, being determined by negotiation.

2. The percentage to be used would be the fraction determined by:

$$\frac{\text{Effective life of existing plant}}{\text{Effective life of new plant}} \times 100 = X\%$$

But, the minimum grant would be 25% and the maximum 50% of the appraised value, less land. However, on occasion adjustments may be necessary within 25 to 50% range, if escalated or artificial land values are involved.

3. Industry must meet pollution control regulations whether they are moved or not. The pollution control expenditure might better be incorporated into a new plant as being more effective and efficient. With feedlots, the relocation into an area zoned for this purpose is logical and practical.

4. All decisions to relocate the plant shall be made entirely by the industrial enterprise under consideration.

5. The formula for determining grants is simple and direct. The government will not get involved in appraising profits, cash flow, etc.

6. The appraised market value of the plant will be established by two separate independent competent appraisers, at government expense.

7. The two independent appraisals are to be reviewed by government appraisers in order to arrive at a final appraised market value.

8. A firm agreement or contract between the government and the company shall be signed to cover details of the formula as agreed to by the Minister of The Environment, such as progress payments and other fiscal arrangements, etc.

9. There will not be a grant if the enterprise simply closes down. It must be moved, rebuilt and operational.

10. The proposed formula is equitable and protects public funds, as an owner who has an old plant does not get a new plant at public expense.

11. The aim is to keep the industry operative and provide jobs — not to kill it.

Concurrent with this program, the provincial government will work toward more advanced land use and industrial planning on the periphery of urban areas in order that conflicts between new industries, business enterprises and residential areas will be avoided as far as possible. Thus, the public purse will not be expected to assist in relocation of an industry every few years. Only the older offending enterprises will be given consideration under this policy.

For further information contact:

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